UNITED EQUITIES LTD. ANNUAL REPORT 1969

CHOL AND COUNTRY SOUTH OF THE COUNTRY OF THE TOTAL OF THE



UNITED EQUITIES LTD. ANNUAL REPORT 1969

HIGHLIGHTS OF FINANCIAL STATEMENT

a) Gross Revenue	\$2,415,011
b) Earnings before taxes	\$ 374,390
c) Net earnings	. \$ 190,809
d) Earnings per share	. 16
e) Common shares outstanding	1,250,000
f) Number of shareholders	
g) Cash flow from operations	\$ 474,221
h) Cash flow per share	.38

DIRECTORS AND OFFICERS

Samuel Howard Rosen

Monte Percy Nathanson

Sidney Nathanson

Jack Aceman

Jacques Barbeau Alan Herbert Emmott Director and Chairman of the Board

or the Board

Director, President & Chief Executive Officer

Director, Secretary & Chief Financial Officer

Director & Vice-President In Charge of Administration

Director

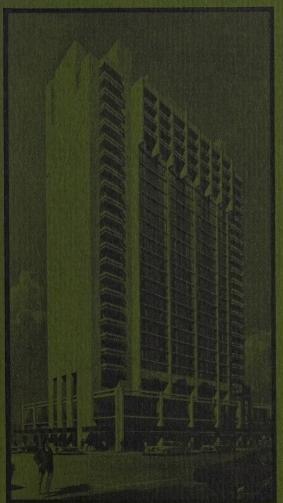
Director

REPORT FROM THE PRESIDENT

On behalf of the Board of Directors, I am pleased to present the first annual report of your Company. The report includes the balance sheet as of March 31, 1970, together with statements of profit and source and application of funds. While the previous twelve months have been especially difficult for real estate development companies, due to the reduced supply and increased cost of money, your Company is pleased to report that it was these conditions. Some mortgage commitments had been obtained prior to the period of highest cost and this will result in viable and economically sound developments.

At this time we can report that at the City Centre Motor Hotel most satisfactorily. At the end of January, a new 200 seat Tavern and a new 65 seat Coffee Shop and one floor of to the public. All of these with overwhelming acceptance: Sales figures for the period that these facilities have been open are in excess of budgetary projections. In addition to the above mentioned, a comrenovation is now completed. By mid-June, 1970, construction will have been completed A new Dining Room with 80% more capacity will also be that the decor and quality in these new premises will be among the finest in Winnipeg.

The 125,000 square foot University Heights Shopping Centre in Saanich, B.C., was tendered and construction started this past spring. Due to increased construction costs and higher interest rates, your officers were successful in negotiating increased rentals for the various leased premises. In light of this, it is projected that this facility will enjoy a very substantial return on the investment. Depending on strikes and the general labor situation in British Columbia, it is anticipated that this centre should open for business late this year. In other activity, construction is proceeding well on a 161 unit High Rise Apartment Tower in the 1100 Block Haro. Adjacent to the city core, this building should prove successful in the apartment field in the west end of Vancouver. Again,



Proposed 500 room hotel located at Robson and Burrard Streets in downtown Vancouver.



161 unit high rise apartment located in the 1100 block!
haro in West Vancouver.

Line West End of VancouveR , Not 12
WEST VANCOUVER!

depending on the labor situation and strikes in British Columbia, completion is anticipated by November, 1970. Projections for this property indicate a substantial cash flow and a welcome addition to the United Equities portfolio.

Plans are also being developed at this time for a 500 room hotel in downtown Vancouver at the intersection of Robson and Burrard Streets. This hotel complete with all ancillary facilities will be the largest development in the United Equities portfolio, and projections indicate an extremely remunerative operation. It is anticipated that the total cost will be in the neighbourhood of \$9,500,000.00 and negotiations are being carried on at the present time to provide required financing for this project. Necessary development permits have already been received and all preliminary plans and specifications have been cleared by the city's inspectors.

When financial arrangements are completed, construction will commence very soon thereafter. A survey of the hotel industry in Vancouver indicates a serious shortage of first class accommodation and it is expected that this new facility will gain immediate and wide spread acceptance.

An assessment of the company's growth may be determined by an examination of the profit and loss statements attached. This statement however, does not reflect a completely total picture in that some of our operations will not have come "on stream" prior to the publishing of this report.

Your directors are now weighing several new projects acquisitions as well as new developments. It is hoped that announcements will be made advising of new properties which will further enhance the total porfolio of UNITED EQUITIES LTD.

The year 1969 was one of transition and re-organization. With the indication of some stabilization in the supply and cost of money, we can expect further growth and development in the next 12 months. May we extend to all Company employees, and employees of its subsidiary companies, our heartfelt thanks for their loyalty and dedication, particularly during some very difficult and trying times.

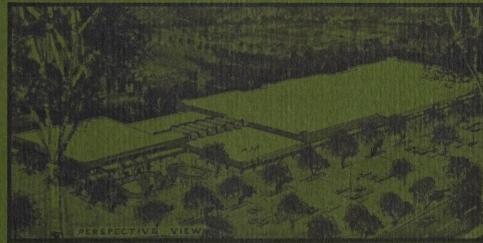
We look forward with optimism to a year of activity and growth and know that we can continue to depend on their support in the future as well.

Still Markanson

M. P. Nathanson, President



Newly decorated lobby of City Centre Motor Hotel in Winnipeg.



125,000 square toot, University Heights Shopping Cantra, located in Saanich, B.C.



One of the new rooms at the City Centre.



A view of the 200 seat Tavern at the City Centre.

CONSOLIDATED BALANCE SHEET — AS AT MARCH 31, 1970

ASSETS

Current:		
Cash	\$394,188	
Accounts receivable	99,546	
Inventories (at cost) and prepaid expenses	116,794	
Due from a director	4,450	\$ 614,978
Real Estate for Development—at cost (Note 6)		406,795
Real Estate Investments—at cost (Note 2)		7,523,522
Excess of Cost of Shares in Subsidiary Companies over their recorded net asset value		1,129,533

On Behalf of the Board:

Director

Director

The accompanying notes form an integral part of this financial statement.

\$9,674,828

LIABILITIES

\$ 200,000	
240,460	
369,464	
11,332	\$ 821,256
	4,929,723
	351,569
	113,334
\$3,333,056	
125,890	3,458,946
	\$9,674,828
	240,460 369,464 11,332 \$3,333,056

The accompanying notes form an integral part of this financial statement.

CONSOLIDATED STATEMENT OF EARNINGS FOR THE YEAR ENDED MARCH 31, 1970

Revenue:		
Sales and hotel revenue	\$1,634,956	
Rentals	780,055	\$2,415,011
Expenses:		
Direct costs and operating expenses	\$1,539,356	
Mortgage interest	359,317	1,898,673
Earnings before Depreciation and Income Taxes		\$ 516,338
Depreciation (Note 2)		141,948
Earnings before Income Taxes		\$ 374,390
		4 1374,030
Income taxes—current	\$ 42,117 141,464	183,581
-deferred	141,404	100,001
Net Earnings for the Year		\$ 190,809
CONSOLIDATED STATEMENT OF RETAINED	EARNINGS	
Net earnings for the year		\$ 190,809
Deduct: share issue expenses and organization costs (net of applicable income taxes)		64,919
Retained Earnings, March 31, 1970		\$ 125,890

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF SOURCE AND USE OF CASH FOR THE YEAR ENDED MARCH 31, 1970

Source of Cash:				
Operations— Net earnings for the year Add: Items not requiring use of cash		\$ 190,809		
Depreciation	\$141,948			
Deferred income taxes	141,464	283,412	\$	474,221
Shares issued for cash			1,	025,000 70,000
			\$1,	569,221
Use of Cash:				
Real estate for development	\$181,613	\$ 406,795		
consideration	133,334	314,947	\$	91,848
Real estate investments	\$113,334	\$1,299,521 10020000		
payables	361,512	474,846		824,675
Mortgage repayments				242,875
Share issue expenses and organization				
costs (net of applicable income taxes)				63,919
Net decrease in other payables				13,649
			\$1,	236,966
Increase in Cash			\$ 3	332,255
acquisition—March 31, 1969				61,933
Cash balance, March 31, 1970			\$ 1	394,188

The accompanying notes form an integral part of this financial statement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 1970

1. General Information:

United Equities Ltd. was formed on April 2, 1969 by the amalgamation of the following predecessor companies:

United Equities Ltd.

Westview Garden Town House Ltd.

Westview Shopping Centre Ltd.
Richmond Shopping Centre Ltd.

On amalgamation, 474,089 common shares of United Equities Ltd. were issued to the shareholders of the predecessor companies.

In addition, the Company acquired (on April 2, 1969) all the issued shares and shareholders' loans of the following companies:

Alison Estates Ltd.

Carlyle Investments Ltd. City Centre Motels Ltd.

Killarney Square Shopping Plaza Ltd.

University Heights Shopping Centre Ltd

for an aggregate consideration of \$2,033,126 paid by the issuance of 495,607 common shares of the Company.

Also included in the consolidated financial statements are the accounts of United Kembi Holdings Ltd. (Note 4).

2. Real Estate Investments:

Details of real estate investments:

Land	\$1,474,488
Buildings	5,271,648
Furniture, fixtures and equipment	1,078,083
Parking areas and roadways	177,531
	\$8,001,750
Deduct: Accumulated depreciation	
	\$6,717,501
Construction in progress (Note 6b)	806,021
	\$7.523.522

2. Real Estate Investments (Continued):

The Company has adopted a 5% sinking fund method for calculating depreciation on buildings based on a useful life of 45 years for concrete buildings and 35 years for frame buildings. Depreciation on other assets is calculated on a straight-line method. As of the date of acquisition the subsidiary companies, which previously used other methods and rates, have adopted the parent Company's policies and retroactively adjusted their depreciation provisions.

3. Mortgages Payable:

10% first mortgage due April 1, 1972	
	\$ 181,613
Real estate investments— First mortgages bearing interest at	
various rates from 7% to 10.25%	4,748,110
	\$4,929,723
Estimated amount due within one year	\$ 144,800

4. Minority Interest:

Common share equity in subsidiary company	\$ 30
Advances from minority shareholder	113,304
	\$ 113,334

The above minority interest represents a ½ investment in United Kembi Holdings Ltd. This subsidiary is presently constructing an apartment building.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. Share Captial:

6. Commitments and Subsequent Transactions:

- (a) The consolidated financial statements include the proportionate share of the assets and liabilities pertaining to the Company's undivided interest in certain real estate for development. Subsequent to March 31, 1970 the Company acquired the remaining interest in this property by the assumption of the vendor's bank indebtedness (\$69,572) and mortgage payable (\$88,334). In addition, \$50,000 must be paid to the vendor when this property is commercially developed.
- (b) The estimated costs to complete construction in progress are \$2,875,000 for which mortgage financing of \$1,360,000 has been arranged.
- (c) United Kembi Holdings Ltd., a subsidiary company, has entered into a lease agreement for a term of ten years with renewal options for an additional sixty-five years. The minimum annual rental payment for the first ten years in \$29,750 plus 20% of the net revenue (as defined) of the leased property.
- (d) The Company has agreed to purchase certain lands for approximately \$100,000. Development costs of \$34,000 relating to this property have been incurred to March 31, 1970 and are included in the balance sheet account "real estate for development." In addition, adjoining land was purchased subsequent to March 31, 1970 for \$20,000.

7. Remuneration of Directors:

The total remuneration paid to directors during the year was \$31,300.



WESTVIEW SHOPPING CENTRE
This neighbourhood shopping centre is situated on five acres of land at the intersections of the
Upper Levels Highway and Westview Drive, North Vancouver, British Columbia. The centre
contains 70.650 square feet of developed commercial area.





WESTVIEW TOWN HOUSE AND GARDEN APARTMENTS

A fully integrated town house and apartment complex, this property is situated at the intersection of Westview Drive and the Upper Levels Highway, North Vancouver, British Columbia.

To the Shareholders of UNITED EQUITIES LTD.

We have examined the consolidated balance sheet of United Equities Ltd. and its subsidiaries as at March 31, 1970 and the consolidated statements of earnings, retained earnings and source and use of cash for the year then ended. Our examination of the financial statements of United Equities Ltd. and those subsidiaries of which we are the auditors included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances. We have relied on the reports of the auditors who have examined the financial statements of the other subsidiaries.

In our opinion, these consolidated financial statements present fairly the financial position of the companies as at March 31, 1970 and the results of their operations and the source and use of their cash for the year then ended, in accordance with generally accepted accounting principles.

Vancouver, B.C. June 12, 1970.

Collins, Love, Eddis, Valiquette & Barrow

Chartered Accountants



KILLARNEY SQUARE SHOPPING PLAZA
This neighbourhood shopping centre is located at 49th Avenue and Elliot Street in Vancouver, British Columbia on 3½ acres of land situated in a residential area.



RICHMOND SHOPPING CENTRE
Located at the intersection of Shell and Williams Road in
Richmond, British Columbia, this centre is situated on five
acres of property and services a rapidly developing
residential area.



THE SANDS MOTOR HOTEL
This six storey concrete structure is situated at 1755 Davie
Street, Vancouver, in proximity to English Bay and Stanley
Park. It houses a motor hotel operation consisting of
125 rooms and three suites, a 90 seat cocktail lounge,
a 150 seat specialty steak dining room, a 65 seat coffee
shop and a 150 seat banquet meeting room.

